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Ms M Morris
Assistant Chief Executive
The Highland Council
Glenurquhart Road
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28 May 2008

Dear Michelle

**The Highland Council 2007/08 Audit
Computer Services Review Follow-up**

We recently completed a follow-up audit of our 2006/07 Computer Services Review. From discussions with IS Client staff and subsequent submission of progress made in addressing the actions identified in our 2006/07 report, we have come to the conclusion that further work is necessary to complete the agreed action points.

Enclosed with this letter is the action plan to the 2006/07 report, updated with new "action dates" provided in IS Client's submission of 29 January 2008.

We will review progress in implementing the agreed actions and include comments on progress towards addressing the risk areas identified in the attached action plan in our annual report to members. A draft report can be expected in September/October of 2008, after we complete the audit of the financial statements.

If you have any questions regarding this follow-up review, please do not hesitate to contact me (bclark@audit-scotland.gov.uk) or the ICT auditor, Grietje Menger (gmenger@audit-scotland.gov.uk).

Yours sincerely

Robert W Clark
Senior Audit Manager

cc Alistair Dodds – Chief Executive
Alan Geddes – Director of Finance
Vicki Nairn – Head of e-Government
John Grieve – IS Client Manager
Nigel Rose, Acting Head of Internal Audit

Action plan

No	Risk exposure	Agreed action
1	<p>Background from original report - the ICT strategy has not been reviewed since being developed in 2003. As the contract for ICT services is about to go to tender and the new provider will be expected to deliver the technological solutions to many of the strategic developments, it would be appropriate that a revised and agreed ICT strategy were part of the new contract implementation.</p> <p>Risk - the ICT strategy may no longer support the business objectives.</p>	<p>Agreed action: review the ICT strategy. Responsible officer: IS Client manager Action date: August 2008</p>
2	<p>Background from original report - the Council uses the Office of Government Commerce's gateway process to guide projects through their lifecycle stages. We found that gateway stages 4 (readiness for service) and 5 (benefits evaluation) do not appear to have been completed. These two stages establish whether the project delivers what was set out in its business justification and whether the expected benefits are forthcoming. These stages are significant as they seek to determine whether it was right to initiate the project in the first place and to extract the lessons learned from the project which can help achieve improved project management controls in general.</p> <p>Risk - absence of gateway review steps 4 and 5 means that projects may not demonstrate they are fit for purpose and their benefits may not be realised.</p>	<p>Agreed action: review of the role of Digital Highland Programme Board. Responsible officer: Head of E-Government/IS Client Manager Action date: October 2008</p>
3	<p>Background from original report - an external gateway review has so far only been initiated for the Pathfinder North (North of Scotland broadband) project. There does not appear to be a cut off in, for example, the size of a project which would require an external review. Reliance on self assessment is limited and for projects with significant financial and staffing resources external assessments, or internal assessments by managers of other projects, could be beneficial.</p> <p>Risk - lack of a systematic approach for carrying out gateway reviews externally may mean that difficulties in the delivery of a project are not recognised timeously.</p>	<p>Agreed action: review the role of Digital Highland Board, including verification that all gateways are followed through and confirmation when and how external parties will be involved. Responsible officer: Head of E-Government/IS Client Manager Action date: October 2008</p>
4	<p>Background from original report - the IS Client team consists of three parts: IS client deals with the relationship between the user community and Fujitsu Services; the Pathfinder Team deals with the wide-area network implementation of Pathfinder North; and the Procurement Team deals with the renewal of the contract for ICT services. There were a number of vacancies across the teams, other posts were filled on a fixed term contract basis, and some members of the team were seconded to projects in the Council.</p> <p>Risk - under resourcing of the IS client team may lead to pressures on the quality of service delivery.</p>	<p>Agreed action: review the structure (stage 1) and resourcing of IS Client Team (stage 2). Responsible officer: IS Client Manager Action date: stage 1 – December 2008, stage 2 – June 2009</p>

Action plan

No	Risk exposure	Agreed action
5	<p>Background from original report - we were advised that IS client staff and local information systems officers receive training in ITIL (Information Technology Infrastructure Library). ITIL is a tool that, when used well, could improve the understanding of IT support, improve the understanding of process boundaries, increase flexibility and overall improve accuracy, speed and security of IT service management. We found, however, that the documentation to support the process is not always available or documentation is in both draft and final forms across the Intranet and local file server space.</p> <p>Risk - lack of and inconsistent documentation for the IT management process may lead to pressures on the quality of service delivery.</p>	<p>Agreed action: restructure information. Responsible officer: Senior IS Client Officer Action date: October 2008</p>
6	<p>Background from original report - user access to ICT services needs to be well controlled. The first access control is at the infrastructure level. It is the responsibility of line managers to inform IS Client and Fujitsu Services of staff leaving. However, as this is not fully effective, other avenues should be explored to mitigate the risks of unauthorised access.</p> <p>Risk - lack of control over users of IT facilities may lead to unauthorised access to IT services.</p>	<p>Agreed action: a new system will be put in place to control the addition or removal of users. Access control and log provided by Fujitsu Services will be used as mitigating control. Responsible officer: Senior IS Client Officer Action date: incorporation in the new information support contract.</p>
7	<p>Background from original report - the Council's IT security policy dates from June 2002 and has not been reviewed since.</p> <p>Risk - the information security policy may not adequately reflect current technological and organisational developments.</p>	<p>Agreed action: review of the Information Systems Security Framework. Responsible officer: Senior IS Client Officer Action date: October 2008</p>
8	<p>Background from original report - there is a segregation of responsibilities for information security between technical implementation (Fujitsu Services) and developing policy and guidelines (IS client). From discussions with Council staff it is clear that users are unsure where these responsibilities lie. We found that although the IS Client Manager has been tasked with developing standards for systems and security to ensure the integrity of the Council's IS/IT services are maintained, the IT security role has not been defined further. Establishing the role and responsibilities is important, as the IT security role is in part that of monitoring agreed standards and the ICT provider can be expected to have a similar monitoring role within the service contract.</p> <p>Risk - the responsibilities of the IT security officer may be unclear, both to the post holder and to other staff, if these have not been formally defined.</p>	<p>Agreed action: review of the Information Systems Security Framework. Responsible officer: Senior IS Client Officer Action date: October 2008</p>